

Message Text

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14

ORIGIN OPIC-12

INFO OCT-01 NEA-10 ISO-00 EB-11 INT-08 TRSE-00 OMB-01

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OPIC/D: EABURTON

EB/IFD/OIA: FWMAERKLE

NEA/IRN: BGMORTON

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FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN

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EO11652 NA

TAGS: EGEN, IR

SUBJ: OPIC APPROVALS

REF: TEHRAN 8215

1. OPIC REGRETS GOI UNWILLINGNESS PROVIDE APPROVAL FOR INSURANCE OF MORGAN AND AMERICAN MOTORS BANKING PROJECT. OPIC IS MOST CONCERNED HOWEVER, OVER FONMIN LEGAL COUNSEL'S INTERPRETATION OF BILATERAL AS NOT COVERING "PETROLEUM INDUSTRIES". AT PRESENT, OPIC INSURANCE HAS BEEN REQUESTED ON A NUMBER OF LARGE AND POTENTIALLY IMPORTANT INVESTMENTS IN PETROLEUM REFINING AND PRODUCTION OF METHOANOL, PROPANE AND LNG. PROPOSED INVESTMENTS INVOLVE EQUITY AND/OR LOAN CONTRIBUTIONS TO JOINT VENTURES WITH THE GOI. AMONG US INVESTORS NOW CONSIDERING SUCH VENTURES ARE TRANSCO, PROTANE CORP., ISC DEVELOPMENT CORP., CLARK OIL, COMMONWEALTH OIL, AND CITIES SERVICE. EARLY CLARIFICATION OF GOI'S POSITION TOWARD OPIC INSURANCE

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ON THESE PROPOSED INVESTMENTS IS ESSENTIAL IF OPIC DISCUSSIONS

WITH THE COMPANIES ARE TO CONTINUE ON THESE PROJECTS OF MAJOR IMPORTANCE TO BOTH IRAN AND US.

2. GOI HAS, IN PAST, APPROVED OPIC INSURANCE ON PETROLEUM-RELATED INVESTMENTS SUCH AS ALLIED CHEMICAL AND AMOCO. A RESTRICTIVE INTERPRETATION BARRING OPIC INSURANCE OR FINANCING OF "PETROLEUM INDUSTRIES" SEEMS INCONSISTENT WITH THESE PRECEDENTS. POSSIBLY A DISTINCTION COULD BE MADE BETWEEN LONG-TERM INVESTMENTS IN REFINING, PROCESSING OR MANUFACTURING SECTOR FOR PURPOSES OF BILATERAL, AND INSURANCE ON ASSETS FOR OIL/GAS EXPLORATION PURPOSES(E.G., SANTA FE), WHICH THE GOI HAS NOT CONSIDERED TO BE FOREIGN INVESTMENT AS CONTEMPLATED BY BILATERAL. SUCH DISTINCTION MIGHT EXCLUDE ANY OIL/GAS EXTRACTION FROM INVESTMENT FIELDS COVERED BY PRESENT BILATERAL.

3. OPIC VIEWS CLARIFICATION OF THIS MATTER AS BEING URGENT. IF FONMIN LEGAL COUNSEL DOES NOT AGREE TO DISTINCTION SUGGESTED PARA 2 ABOVE, REQUEST YOUR RECOMMENDATION ON FURTHER APPROACHES WITH OPIC PARTICIPATION EITHER AT EMBASSY HERE OR IN TEHRAN. OPIC WILLING TO SET ASIDE QUESTION OF BANKING AND INSURANCE COVERAGE IF THIS WILL FACILITATE RESOLUTION OF PETROLEUM INDUSTRIES ISSUE.
KISSINGER

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Message Attributes

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